

# Notice of Creditable Prescription Drug Coverage

The following is creditable prescription drug coverage information for Medicare-eligible Nortel employees and their covered dependents.

**Note: Individuals who are not currently eligible for Medicare and do not expect to become eligible before January 1, 2013 can disregard this notice.**

Nortel is required to provide this notice to all Medicare-eligible plan participants. The purpose of the notice is to provide participants in all Nortel Networks Medical Plan options with a statement of assurance that the prescription drug coverage you have through Nortel is "Creditable Coverage." This means that on average, your Nortel coverage is at least as good as the Medicare prescription drug coverage. You can keep your current Nortel prescription drug coverage without change.

If you waive Medicare prescription drug coverage now, but decide in a subsequent year that you want to enroll in a Medicare prescription drug plan, this notice will serve as confirmation to Medicare that you have had Creditable Coverage in the interim. As a result, you will not have to pay a late penalty on your Medicare prescription drug plan's monthly premium if you decide to enroll during a subsequent annual enrollment window.

**Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with Nortel and prescription drug coverage available for people with Medicare. It also explains the options you have under Medicare prescription drug coverage and can help you decide whether or not you want to enroll. At the end of this notice is information about where you can get help to make decisions about your prescription drug coverage.**

- 1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare through Medicare prescription drug plans and Medicare Advantage Plans that offer prescription drug coverage. All Medicare prescription drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.**
- 2. Nortel has determined that the prescription drug coverage offered by the Nortel Networks Medical Plan is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay and is considered Creditable Coverage.**
- 3. Nortel Networks Inc. reserves the right to amend or discontinue its Nortel Networks Medical Plan and the coverage and benefits provided thereunder, including prescription drug coverage for the avoidance of doubt, at any time and for any reason.**

**Because your existing coverage is on average at least as good as standard Medicare prescription drug coverage, you can keep this coverage and not pay extra if you later decide to enroll in Medicare prescription drug coverage.**

Individuals can enroll in a Medicare prescription drug plan from October 15 through December 7. Beneficiaries leaving employer coverage may be eligible for a Special Enrollment period to sign up for a Medicare prescription drug plan.

**Be aware if you decide to enroll in a Medicare prescription drug plan, you will not have prescription drug coverage with your Nortel Networks Medical Plan. Also, if you drop your Nortel Networks Medical coverage, you will not be able to re-enroll.**

If you drop your Medical Plan coverage with Nortel and enroll in a Medicare prescription drug plan, you will not be able to get the Nortel Networks Medical Plan coverage back later. You should compare your current coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area.

In addition to prescription drugs, your current Nortel Networks Medical Plan coverage pays for other health expenses. If you enroll in a Medicare prescription drug plan and continue to participate in the Nortel Networks Medical Plan for medical coverage, the Nortel plan will not provide any additional drug coverage and your premiums will not be reduced. If a drug is not covered by the Medicare plan or is covered at a lower level, the Nortel Networks Medical Plan will not provide any additional prescription drug benefits.

You should also know that if you drop or lose your coverage with the Nortel Networks Medical Plan and don't enroll in Medicare prescription drug coverage after your Nortel coverage ends, you may pay more to enroll in Medicare prescription drug coverage later. If, after May 15, 2006, you go 63 days or longer without prescription drug coverage that's at least as good as Medicare's prescription drug coverage; your monthly premium will go up at least 1% per month for every month after May 15, 2006 that you did not have that coverage.

For example, if you go 19 months without coverage, your premium will always be at least 19% higher than what most other people pay. You'll have to pay this higher premium as long as you have Medicare coverage.

**For more information about this notice or your current prescription drug coverage...**

contact HR Shared Services for further information at **1-800-676-4636**. **NOTE:** You will receive this notice annually and at other times in the future, such as before the next period you can enroll in Medicare prescription drug coverage, and if coverage through Nortel changes. You also may request a copy.

**For more information about your options under Medicare prescription drug coverage**

More detailed information about Medicare plans that offer prescription drug coverage will be available in the "Medicare & You 2013" handbook. You'll get a copy of the handbook in the mail from Medicare. You may also be contacted directly by Medicare prescription drug plans. You can also get more information about Medicare prescription drug plans from these places:

- Visit **[www.medicare.gov](http://www.medicare.gov)**
- Call your State Health Insurance Assistance Program for personalized help (see your copy of the "Medicare & You 2013" handbook for their telephone number)
- Call **1-800-MEDICARE (1-800-633-4227)**. TTY users should call **1-877-486-2048**.

For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available. Information about this extra help is available from the Social Security Administration (SSA). For more information about this extra help, visit the SSA online at **[www.socialsecurity.gov](http://www.socialsecurity.gov)**, or call them at **1-800-772-1213 (TTY 1-800-325-0778)**.

**Remember: Keep this notice. If you enroll in one of the plans approved by Medicare which offer prescription drug coverage, you may be required to provide a copy of this notice when you join to show that you are not required to pay a higher premium amount.**